



# Department of Justice

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**JUSTICE DEPARTMENT CLOSES INVESTIGATION INTO SEATTLE TIMES/  
HEARST COMMUNICATIONS INC. JOA**

WASHINGTON, D.C. – The Department of Justice’s Antitrust Division issued the following statement today announcing the closing of its investigation into the newspaper joint operating arrangement (JOA) between the Seattle Times Company and Hearst Communications, Inc. under the Newspaper Preservation Act (NPA):

“After a thorough investigation, the Antitrust Division decided to close its investigation of whether the Seattle Times Company violated the federal antitrust laws in connection with its operation of the Seattle JOA. The Division did not find sufficient basis to conclude that the Seattle Times Company engaged in improper conduct that is likely to lead to monopolization of the Seattle newspaper market.

“During its investigation, the Division examined whether the Seattle Times Company, as manager of the JOA, engaged in conduct that made no business sense but for its tendency to reduce competition, and if so, whether such conduct was likely to lead to the monopolization of the Seattle newspaper market. The investigation revealed that the parties disagreed as to whether the Seattle Times Company breached its contractual obligations under the JOA to support the Post-Intelligencer. The Division did not, however, need to resolve that issue because a contract breach by itself would not constitute an antitrust violation. Rather, the Division considered whether the Seattle Times Company has taken actions that make no business sense but for their

tendency to harm the Seattle Post-Intelligencer and whether any such actions are likely to lead to the monopolization of the relevant market. The Division's investigation did not indicate that the Seattle Times Company has engaged in conduct that violates this standard. As a result, the Division is closing its investigation."

### **Background**

The Seattle Times Company is presently seeking to invoke a provision of the JOA called a "Loss Notice" clause that permits either party to terminate the JOA if there are three consecutive years of operational losses under a specified formula. Were such a termination to occur, each newspaper owner would need to decide whether and, if so, how to continue publishing its respective paper. The Washington state courts are currently considering a contractual dispute between the parties as to whether the Seattle Times Company may invoke this provision. The two newspaper owners have agreed between themselves that no action will be taken to close either of the JOA newspapers until this litigation is concluded and all appeals exhausted. If the companies were to decide to terminate one of the two newspapers under terms that were not part of the JOA as approved by the Department of Justice, the Division would need to evaluate the antitrust issues raised by such a decision.

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